Multifamily Securitization Forbearance Report

Data as of October 26, 2020

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Report Highlights

- Master servicers on Freddie Mac securitized loans have reported 1,215 forborne loans totaling $7.6 billion. This equates to 4.8% of the outstanding securitized unpaid principal balance (UPB) and 2.4% of the total Freddie Mac securitized loan population.
- In October, there was a net decrease of 10 loans in forbearance, from 27 loans terminating forbearance and 17 new forbearance requests.
- A majority of loans, 72% by loan count and 79% by UPB, whose forbearance period ended in October or earlier, are currently making payments or have made all their forborne payments.
- There are 30 forborne loans that are in special servicing, 25 of which are currently delinquent. Including those 25, there are a total of 40 forborne loans with a balance of $237 million that are reported as delinquent.
- A higher percentage of the forborne loans are Small Balance Loans (SBL), at 75.1% by loan count, but 32.1% by UPB. Since these properties have fewer units, each tenant experiencing stress has a larger impact on property performance.
- Of the total $7.6 billion of forborne loans, 10.8% by UPB are student housing and 11.6% are seniors housing facilities.
- Prior to the COVID-19 pandemic, the multifamily market was on solid ground, which has contributed to the relatively strong credit quality of those forborne loans. Based on a combination of pre-crisis and updated credit metrics, 65% of the forborne loans have a debt service coverage ratio (DSCR) above 1.25x. Meanwhile, 95.5% of forborne loans have a mark-to-market loan-to-value (LTV) ratio of less than or equal to 80%.
- The vast majority of forborne loans, 76.8%, would need to sustain an effective gross income (EGI) drop in excess of -10% in order to fall below a 1.00x DSCR.
- Forbearance requests are distributed across the country in 39 states and the District of Columbia. The top states are New York, Texas, California, Maryland and Florida.
- Only 2% of all the forborne loans have maturity dates before 2022, indicating the forbearance repayment requirements are not expected to impact balloon risk significantly.

COVID-19 continues to have a profound economic impact across the country. Weekly new jobless claims have moderated from their mid-March high of 6.6 million down to 751,000 for the week ending October 31, while continuing unemployment claims remain elevated at 21.5 million. The unemployment rate in October was 6.9%, down for the sixth consecutive month since the peak in April of 14.7%.

Every state has started to reopen, but recent increases in the number of COVID-19 cases across the country still threaten the near-term vitality of the macroeconomy. The continued decline in unemployment numbers show that people continue to return to work, but the jobless rate remains high, which may impact tenants' ability to pay rent without sufficient government support.

Forbearance and October Rent Payments

The National Multifamily Housing Council (NMHC) reported October rent payments, as of October 27, was at 94.6%; exceeding the prior few months for the same reporting period.[1] Despite the strong payment rate, it is 1.3 percentage points below the payment rate through October 27 of 2019. Between this year and last, we see similar patterns in payment rates, with lower payment rates in August and September compared with the earlier summer months, and higher rates in October, which suggests there could be some seasonality in the payment rates.

The rebound in October can be partially attributed to the better job market and recovering economy as people go back to work and are able to pay their rent payments. Despite the stronger labor market, uncertainty regarding the future of the federal stimulus efforts and unemployment benefits may stress tenants' ability to make timely or full rent payments if the unemployment rate remains elevated.

Borrowers requesting an initial forbearance of three months must make a written request and provide a delinquency and forbearance report demonstrating the effect of the national COVID-19 emergency on the property's operation and performance. Once the request is approved, the forbearance period will cover up to three consecutive monthly payments. On June 29, Freddie Mac updated its forbearance relief program to provide servicers with supplemental relief options for qualified borrowers who currently have forbearance in place and continue to be impacted by the effects of the pandemic, and have a reasonably foreseeable recovery of performance to that existing prior to the impacts of COVID-19, referred to as Forbearance 2.0 in this report. Previously, the borrower was required to repay the forborne loan payments in no more than 12 equal monthly installments after the forbearance period. Under the new supplemental relief options, for a borrower whose property is still materially adversely affected by the effects of the pandemic, a servicer may determine that one of three options would be appropriate: the option to delay the start of the repayment period by three months following forbearance; to extend the repayment period by three or six months; or to extend the forbearance period by three months with an optional extended repayment period up to 24 months. Servicers will review updated financials provided by the borrower to determine whether one of the options is appropriate. In some cases, however, none of the options may be feasible and those borrowers will be referred to a special servicer for alternative resolution.

[1] This reporting is specific to properties using property management software and likely is most relevant to larger, institutional-type properties, whereas smaller multifamily properties may have different results.

Forbearance Loan Characteristics

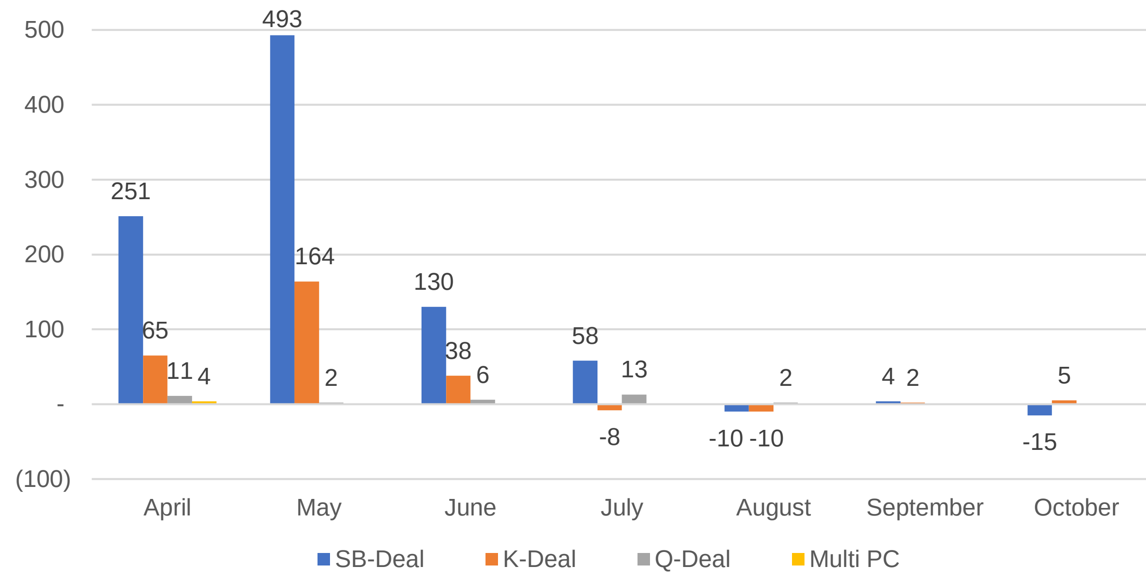
Basic Characteristics

Master servicers of Freddie Mac loans have reported 1,215 forborne loans for a total of $7.6 billion outstanding UPB, or roughly 2.4% of total securitized loan UPB and 4.8% of total number of loans.

As of October 26,[2] the master servicers reported 1,215 forborne Freddie Mac securitized loans, or roughly 4.8% of our total securitized loan population. This equates to $7.6 billion of outstanding UPB and represents 2.4% of our total securitized UPB. This data is sourced from our four master servicers, including Freddie Mac, and encompasses only loans that have been approved for forbearance. It does not include loans for which forbearance has terminated. Terminated refers to loans that have repaid all forborne amounts in full either during the three-month forbearance period or after the forbearance period and are no longer considered forborne loans.

October saw a net decrease of 10 loans from the September Forbearance Report. Exhibit 1 shows the monthly change for the volume of forborne loans. In October, 27 loans terminated their forbearance and 17 new loans entered forbearance.[3]

Exhibit 1: Monthly Change in Forbearance Loans



Source: Freddie Mac. Excludes loans that have paid off.

The average UPB of forborne loans in October is relatively small at around $6.2 million, whereas the average loan size in the overall securitized portfolio is $12.7 million. This is partially due to a higher percentage of SB-Deal® loans requesting forbearance, as seen in Exhibit 2. Each unit in properties with small balance loans represents a greater proportion of overall cash flows. The SBL program also typically finances properties with fewer amenities, making them more affordable to

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[2] This date references the loans in forbearance as of the reporting date of October 26.

[3] Our analysis does not include forborne loans that have paid off. One of the 17 new forbearance loans was a prior forbearance loan that was misreported as not forborne in the prior few months. Therefore, only 16 new loans were added that were not previously considered forborne.

tenants that are more likely to be hourly paid workers and hit harder by nonessential business closures.

Exhibit 2: Forbearance Loans by Deal

	K-Deal®	SB-Deal®	Q-Deal℠	Multi PC℠
Forborne Loans (Count)	256	913	34	12
Total Loans (Count)	13,960	9,083	1,438	526
Percent of Loans Forborne	1.8%	10.1%	2.4%	2.3%
Forborne Loans (Outstanding UPB)	$4.5B	$2.4B	$126M	$547M
Total Loans (Outstanding UPB)	$280.8B	$23.4B	$3.7B	$9.5B
Percent of Loans Forborne	1.6%	10.4%	3.4%	5.8%

Source: Freddie Mac

Forbearance 2.0

In late June, Freddie Mac introduced Forbearance 2.0, which requires the applicable servicer to review the unique facts and circumstances with respect to the borrower and property to determine whether (1) COVID-19 continues to be the underlying cause of the impairment of performance, and (2) that the supplemental options (to adjust their forbearance period and/or payback period), if any, would provide a reasonably foreseeable recovery of performance of the property to that existing prior to the impacts of COVID-19. There are 1,285 loans that took forbearance in July or earlier.[4] As the three-month forbearance program came to an end for those loans, the borrower would have been required to resume monthly debt service payments along with a monthly payment of one-twelfth of the forborne debt service amount, unless the forbearance was terminated or supplemental relief was approved.

There are 40 forborne loans reported as 90+ days delinquent. Of those, 25 loans are in special servicing.

Exhibit 3 shows the breakout of forborne loans whose three-month forbearance period came to an end in October or earlier. There are 92 loans, not including loans that have completely paid off, that were reported as having terminated forbearance, which indicates that they have repaid all their forborne payments and have no remaining advanced principal and interest payments (P&I).[5] We saw 137 loans granted, or in the process of obtaining, additional relief through Forbearance 2.0. This represents 10.7% of loans, or 14.5% of UPB, that ended their forbearance period and were granted or are working on additional relief. These loans are still captured in the forbearance population for reporting purposes since they have not terminated their forbearance obligations.

There are 40 loans for $237 million that started forbearance in July or earlier and are considered 90+ days delinquent[6] as of the determination date used to populate the October trustee reports.[7] This represents only 3.1% by loan count of the forborne population and 2.8% by UPB. These loans

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[4] This total may not match the past monthly forbearance reports due to delay in timing or canceled forbearance requests.

[5] Reporting of these loans will differ across master servicers. Some will report these in the LPU as forborne but current with no advances on P&I, whereas others will remove the forborne modification code.

[6] Two Q-Deal loans were reported as 60-89 days delinquent in October but are included in our delinquency count for this report.

[7] Freddie Mac forbearance loans are not considered delinquent while the borrower is subject to and in compliance with the terms of a forbearance agreement. If a borrower fails to comply with the terms of the agreement, however, the loan then is considered delinquent as of the date of the first forborne payment.

had no additional relief in process or approved and did not resume payment of the scheduled debt service plus one-twelfth of the forborne payment. There are 30 forborne loans that are in special servicing, 25 of which are currently delinquent. Due to reporting timing, we anticipate this number will change but will not be captured until next month's reporting.

Exhibit 3: Forbearance Update

		Terminated	Additional Relief Approved	Additional Relief in Process	Current or <30 day	Delinquent	Total
Count	K-Deal	35	27	6	208	9	**285**
	SB-Deal	57	89	11	771	27	**955**
	Q-Deal	0	2	0	28	3	**33**
	Multi PC	0	2	0	9	1	**12**
	Total	**92**	**120**	**17**	**1,016**	**40**	**1,285**
UPB (in Millions)	K-Deal	$732	$631	$42	$3,570	$150	**$5,124**
	SB-Deal	$139	$235	$53	$2,034	$75	**$2,536**
	Q-Deal	$0	$12	$0	$104	$7	**$123**
	Multi PC	$0	$238	$0	$304	$4	**$547**
	Total	**$871**	**$1,115**	**$95**	**$6,011**	**$237**	**$8,329**

Source: Freddie Mac. May not sum to total due to rounding. This population represents the forborne loan population that had July or earlier forborne start dates. Note, two K-Deal loans noted as delinquent represents one property that was in special servicing before forbearance.

72% by loan count and 79% by UPB of forborne loans whose forbearance period has ended are currently making their debt service and forbearance repayments (included 2.0 repayment extensions) or have completely repaid their forborne payments.

The current or less-than-30-day population makes up 79% of forborne loans or 72% of UPB. In Exhibit 4, we take a closer look at what makes up that category as well as the breakout of Forbearance 2.0 additional relief. Of the current or less-than-30-day population, 257 of those loans were status B in October (shown in Exhibit 4 as Loan Status A/B which includes one loan with status A), which identifies loans that are late on their payment but not 30 days past due. This represents around 20% of loans whose forbearance ended in October or earlier, which is up from the prior few months which saw 9% and 6.7% in August and September, respectively. In the prior two months, we saw a high transition rate of status B loans to current the subsequent month; in August, 62% of loans were current in September, and in September, around 48.8% of loans were current in October. The majority of the remaining loans, 28.7% in August and 39.3% in September, were loan status B in the subsequent month. At the same time, the number of delinquencies from forborne loans remains relatively low over the past few months, indicating loan status B does not have a high transition rate to delinquency.

Loans that are making both their debt service and forbearance repayments are either classified as current or approved for a six-month repayment extension, which allows the borrower to repay the forborne amount over 18 months instead of 12 months. That population makes up 64% of loans or 68% of UPB of loans whose forbearance period ended in October or earlier. When terminated loans are included, the population of loans that are currently making payments or have repaid all their forborne payments is 72% by loan count and 79% by UPB.[8] This is a slight decline from the September report due to the higher number of loans as status B, as discussed above.

Only 3.3% of loans had their forbearance period extended three months, while 0.6% delayed the start to the forbearance repayments (but are currently making the regularly scheduled debt service payments). Meanwhile 1.3% of loans have additional relief in process but were not finished by the determination date. This group of loans with additional relief pending has decreased over the past few months as servicers work through the large amount of loans whose forbearance period ended in the prior few months.

Exhibit 4: Current and Forbearance 2.0 Status

					Forbearance 2.0		
		Current	Loan Status A/B[9]	Additional Relief Pending	6-month Additional Repayment	Delayed Start	Forbearance Extended
Count	K-Deal	194	14	6	11	3	13
	SB-Deal	545	226	11	58	4	27
	Q-Deal	13	15	0	0	1	1
	Multi PC	6	3	0	0	0	2
	Total	**758**	**258**	**17**	**69**	**8**	**43**
UPB (in Millions)	K-Deal	$3,417	$153	$42	$339	$34	$257
	SB-Deal	$1,475	$559	$53	$147	$12	$75
	Q-Deal	$63	$41	$0	$0	$8	$4
	Multi PC	$257	$47	$0	$0	$0	$238
	Total	**$5,211**	**$800**	**$95**	**$486**	**$54**	**$575**

Source: Freddie Mac. May not sum to total due to rounding. This population represents the forborne loan population that had July or earlier forborne start dates and have since ended their initial forbearance three-month term and are not terminated nor delinquent.

Student and Seniors Housing

Given the nature of the pandemic, not every segment of the population has been affected equally. Exhibit 5 breaks out the product type by student housing and seniors housing – two of the hardest hit asset classes. Of the $7.6 billion in forborne loans, 10.8% are student housing and 11.6% are seniors housing facilities.

Student housing occupancy is holding up relatively well considering the severe effect of COVID-19 on the industry. A report by Cushman and Wakefield[10] found that student housing occupancy levels for the fall semester beat expectations in most markets. However, markets with universities that have a high percentage of international students or that are completely virtual have generally underperformed. RealPage reported that September occupancy matched August's pre-lease

[8] Additional Relief Pending may include loans that have made a payment per their trustee report but are not included in our calculation of loans that are currently making their payments until the pending relief was finalized.
[9] Status A is when the payment is not yet due or less than 10 days delinquent. Status B is payment that is late but less than 30 days.
[10] https://www.multihousingnews.com/post/covid-19s-impact-on-student-housing-under-review-qa/

occupancy across the 175 schools tracked. While on-campus living has been reduced to keep social distancing, if universities send students home due to a high number of COVID-19 cases, many student apartments may be vacated.

Seniors housing facilities are also being closely monitored because of the vulnerability of those residents. The National Investment Center for Senior Housing and Care (NIC) reported in the third quarter of 2020 that overall occupancy among seniors housing was down 540 bps since the first quarter of the year. While this is close to the drop seen during the Great Recession of 560 bps, that was over the course of two years, instead of two quarters. There were 52 seniors housing loans forborne in October, or roughly $880 million, for 5.6% of the total population of Freddie Mac Seniors Housing Loans.

Exhibit 5: Forbearance Loans by Product Type

	Student	Seniors
Forborne Loans (Count)	45	52
Total Loans (Count)	608	718
Percent of Loans Forborne	7.4%	7.2%
Forborne Loans (Outstanding UPB)	$822M	$880M
Total Loans (Outstanding UPB)	$11.3B	$15.8B
Percent of UPB Forborne	7.3%	5.6%

Source: Freddie Mac

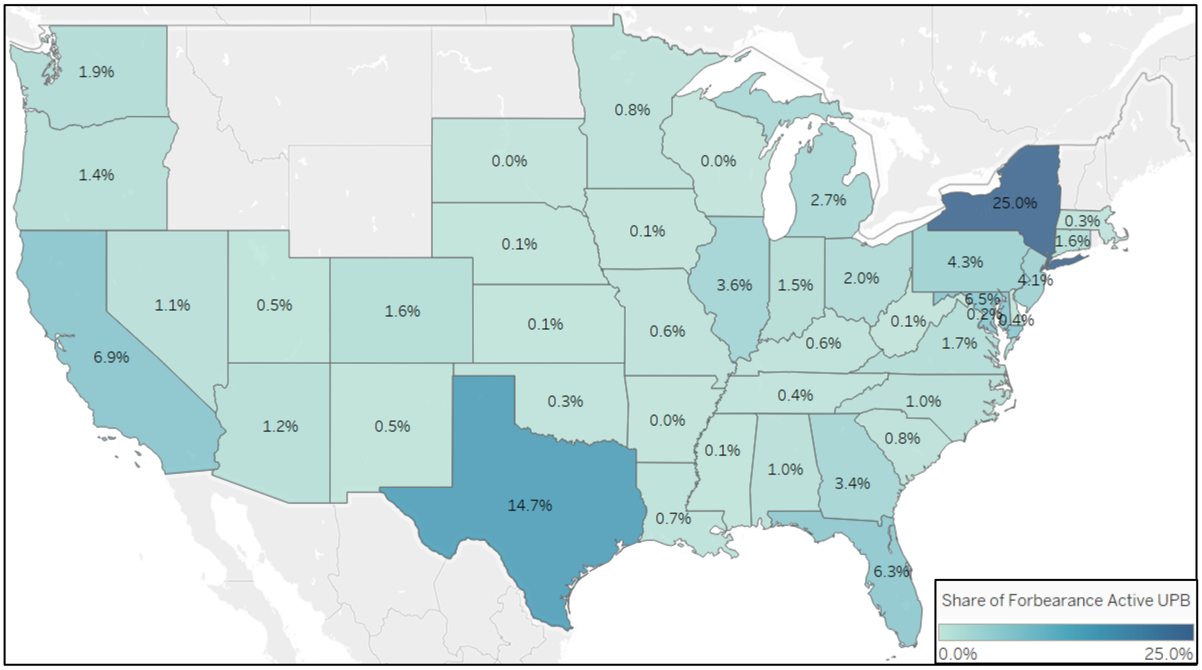
Prevalence by State

Forborne loans are distributed geographically throughout 39 states and the District of Columbia. Exhibit 6 maps the distribution of forborne loans by state; the aggregate sums to 100%. The top five states out of all forbearance requests are New York (25%), Texas (14.7%), California (6.9%), Maryland (6.5%) and Florida (6.3%). The top metro areas by percentage of UPB are New York City (26.8%), Houston (5.1%), Baltimore (4.6%), Los Angeles (4.3%) and Philadelphia (3.6%). New York City remains at the top of the metro area list partially due to the impact of commercial income loss, especially in the SBL universe. Specifically, forborne SB-Deal loans received 6.3% of their income from commercial income, compared with only 4.1% of income for all other SB-Deal loans. Although this disparity is small, the relationship is statistically significant, signifying that commercial income composition is positively correlated with probability of forbearance in New York City.

The map below considers UPB instead of loan count, which underrepresents states with a high percentage of SB-Deal loans. For example, 30.1% of forborne loans are in New York, but the state only represents 25% of forborne loans by UPB. New York has an unusually high percentage of forborne SB-Deal loans at 87%, and since SBLs tend to be much smaller than other securitized loans, they only represent 48.6% of forborne loan UPB in New York.

New York, Texas, California, Maryland and Florida are the top five states with loans in forbearance.

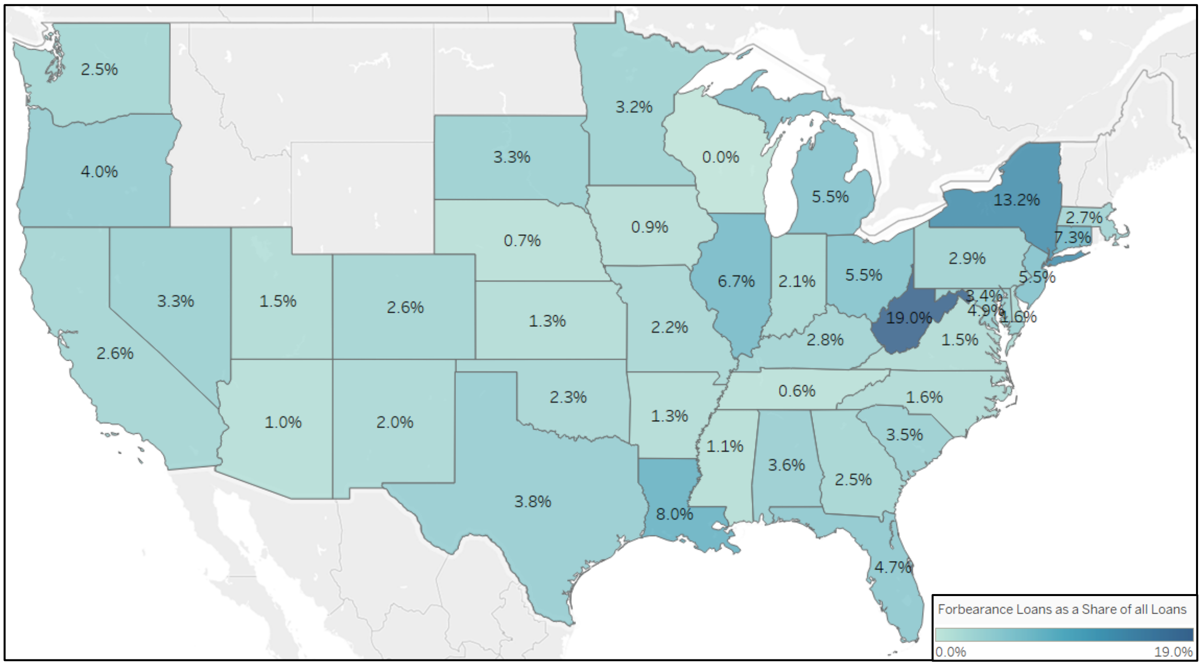
Exhibit 6: Percentage of Forborne Loans by UPB by State Out of All Forbearance Requests



Source: Freddie Mac. Note: Alaska and Hawaii are not pictured because they do not have any loans in forbearance at this time. Grayed out states do not have any forborne loans.

The high percentage of forbearance loans in some of these states is not surprising given their large populations. In general, a higher percentage of our business is in highly populated states. When we factor in the percentage of forbearance loans to the total population of loans by state, we see in Exhibit 7 a slightly different story. While New York continues to see a high share of forborne loans to total loans in the state at 13.2%, Texas, Florida, Maryland and California see a lower percentage relative to business done there. However, in places like West Virginia, Louisiana and Connecticut, we see a higher percentage of forborne loans relative to the volume of business. This can be attributed to lower deal volume in some of those places, such as West Virginia, which has only 21 securitized loans, and indicates that more populated states are not necessarily experiencing more stress from the pandemic.

Exhibit 7: Forbearance Loans as a Percentage of Loans Financed in the State



Source: Freddie Mac. Note: Alaska and Hawaii are not pictured because they do not have any loans in forbearance at this time. Grayed out states do not have any forborne loans.

Credit Quality

Credit quality of the loans requesting forbearance is illustrated in the following Exhibits, broken out by SB-Deals® and K-Deals®. It captures the mark-to-market DSCR and LTV.[11] As the forbearance program is in its eighth month, some credit metrics will start reflecting DSCRs and LTVs with updated financials or updated mark-to-market values since the pandemic began. This will lead to a mix of pre-crisis and updated credit metrics, discussed below, across the population of forborne loans. As a result, there is a shift of more loans below the 1.25x DSCR compared with the first few months of the forbearance program.

Roughly 65% of forborne loans have DSCRs above 1.25x while 95.5% of forborne loans have LTVs less than or equal to 80%.

Overall, 64.9% by UPB of forborne loans have DSCRs greater than 1.25x, and 95.5% have LTVs less than or equal to 80%. We can see some impact to updated DSCRs and LTVs as loan characteristics are updated throughout the year. However, the majority of the population continues to reflect solid credit quality: Only 2.3% of forborne loans have DSCRs below 1.25x and LTVs greater than 80%. While these values reflect a mix of market conditions before and during COVID-19, they provide some color around the strength of the loans going into the crisis. Due to the relatively strong debt coverage and value of these loans, it would take a large shock to values and cash flows for the majority of these loans to be in danger of going underwater and considering default.

In order to fall under a 1.00x DSCR — the point at which property income does not cover monthly debt expenses — those loans would need to experience an average drop in EGI of -18.7%. Only

[11] The DSCR for a property is calculated using the most recent reported income over the current debt service, accounting for either interest-only or fully amortizing loans. The LTV for a loan is calculated using estimated cap rates, except for loans originated in 2019 or after, which uses the underwritten LTV.

8.6% of these loans are close to the borderline, with a drop less severe than -5% needed, but the vast majority, 76.8%, would require at least a drop of -10% or more, as seen in Exhibit 8.

Roughly 77% of forborne loans would need to sustain an EGI drop in excess of -10% in order to fall below a 1.00x DSCR.

Exhibit 8: Income Drop Needed to Lower DSCR to Below 1.00x for Forbearance Loans

EGI Change	Loan Count	Percentage of Total
Under -5%	84	8.6%
-5% to -10%	144	14.7%
-10% to -20%	347	35.3%
-20% to -30%	257	26.2%
More than -30%	150	15.3%

Source: Freddie Mac

Credit Quality – SB-Deals

For SB-Deals, roughly 58% of forborne loans by UPB have DSCRs greater than 1.25x, and 18.9% have DSCRs less than 1.00x. At the same time, 94.1% of SB-Deal forborne loans have LTVs equal to or less than 80%.[12] Only 34 loans have an LTV above 80% and DSCR below 1.25x.

Exhibit 9: Percent of Forbearance Loans by DSCR for SB-Deals

	DSCR				
	<1.00x	**1.00x-1.25x**	**1.25x-1.50x**	**1.50x-2.00x**	**>2.00x**
Forborne Loans (Count)	172	202	225	228	86
% of SB Forborne Loans by Count	18.8%	22.1%	24.6%	25.0%	9.4%
Forborne Loans (UPB)	$462M	$560M	$603M	$577M	$244M
% of SB Forborne Loans by UPB	18.9%	22.9%	24.6%	23.6%	10.0%

Source: Freddie Mac, most recently reported DSCRs. May not sum to 100% due to rounding.

Exhibit 10: Percent of Forbearance Loans by LTV for SB-Deals

	LTV				
	>100%	**80-100%**	**70-80%**	**50-70%**	**<50%**
Forborne Loans (Count)	0	67	400	392	54
% of SB-Deal Forborne Loans by Count	0.0%	7.3%	43.8%	42.9%	5.9%
Forborne Loans (UPB)	$0M	$145M	$1,051M	$1,069M	$181M
% of SB-Deal Forborne Loans by UPB	0.0%	5.9%	43.0%	43.7%	7.4%

Source: Freddie Mac. LTV computed using estimated cap rates except for loans originated in 2019 or after, which uses the underwritten LTV. May not sum to 100% due to rounding.

[12] Mark-to-market value is net operating income (NOI) divided by cap rate. The NOI is the most recently reported on the property before requesting forbearance. For loans where that is not the most recent quarter, rent is trended to the current quarter with metro-level rent trends. Cap rate is the original property cap rate, adjusted for metro-level cap rate trends since the loan's funding date.

Credit Quality – K-Deals

Across K-Deals, 64.8% of forborne loans by UPB have DSCRs above 1.25x and 20.9% have DSCRs at or below 1.00x. Meanwhile, the LTV remains strong, at 96.4% of loans with LTV below 80%. Only five loans have a DSCR below 1.25x and an LTV above 80%.

Exhibit 11: Percent of Forbearance Loans by DSCR for K-Deals

	DSCR				
	<1.00x	**1.00x-1.25x**	**1.25x-1.50x**	**1.50x-2.00x**	**>2.00x**
Forborne Loans (Count)	57	34	39	72	54
% of K-Deal Forborne Loans by Count	22.3%	13.3%	15.2%	28.1%	21.1%
Forborne Loans (UPB)	$938M	$641M	$777M	$1,500M	$634M
% of K-Deal Forborne Loans by UPB	20.9%	14.3%	17.3%	33.4%	14.1%

Source: Freddie Mac, most recently reported DSCRs. May not sum to 100% due to rounding.

Exhibit 12: Percent of Forbearance Loans by LTV for K-Deals

	LTV				
	>100%	**80-100%**	**70-80%**	**50-70%**	**<50%**
Forborne Loans (Count)	1	10	55	135	55
% of K-Deal Forborne Loans by Count	0.4%	3.9%	21.5%	52.7%	21.5%
Forborne Loans (UPB)	$6M	$157M	$1,017M	$2,838M	$473M
% of K-Deal Forborne Loans by UPB	0.1%	3.5%	22.6%	63.2%	10.5%

Source: Freddie Mac. LTV computed using estimated cap rates except for loans originated in 2019 or after, which uses the underwritten LTV. May not sum to 100% due to rounding.

Product Type for SBL

SBLs with a 5-year loan term, across fixed rate and hybrid, were more likely to take forbearance than loans with 7-year and 10-year terms, as seen in Exhibit 13. Fixed-rate loans and hybrid loans do not differ significantly in terms of forbearance percentage, perhaps because hybrid loans are still in their fixed-rate period, given the newness of the SBL program.

Exhibit 13: SB-Deal Forbearance Loans by Product Type

	Fixed-Rate			Hybrid		
	5-Year	7-Year	10-Year	5-Year	7-Year	10-Year
Forborne Loans (Count)	42	46	271	401	56	97
Total Loans (Count)	358	526	3,079	3,200	754	1,162
Percent of Loans Forborne	11.7%	8.7%	8.8%	12.5%	7.4%	8.3%
Forborne Loans (UPB, $M)	$128	$122	$647	$1,191	$149	$209
Total Loans (UPB, $M)	$944	$1,501	$7,739	$8,393	$2,105	$2,720
Percent of Loans Forborne	13.6%	8.1%	8.4%	14.2%	7.1%	7.7%

Source: Freddie Mac. Loan terms for hybrid refer to the fixed portion of the loan. The table does not include 3-year fixed-rate SBLs since the population is very small and was only used for one securitized deal. None of the 3-year fixed-rate loans are forborne.

Affordability Comparison

Forborne loans do not differ significantly from other loans in terms of affordability.

Forborne loans do not differ significantly from other loans in terms of affordability. About 27% of properties have at least 20% of their units affordable to very low-income (VLI) renters[13], regardless of forbearance status. SB-Deal loans tend to be more affordable than K-Deal loans for both forborne and non-forborne loans by a considerable margin. Among forborne loans, 27.1% of SB-Deal loans meet the 20% VLI-affordability threshold, compared with 23.9% of K-Deal loans.

When the threshold is increased to 50% of units being affordable to VLI renters, 16.9% of properties are forborne compared with 17.5% of properties that are not forborne. This demonstrates that affordability metrics of these two populations generally move in lockstep and highly affordable properties do not take forbearance at a disproportionate rate.

Forbearance of Securitized Deals

The forborne loan population is dispersed across 220 different pooled securitizations (excluding Multi PC[SM] transactions), representing 49% of all securitized pool deals. However, that percentage is skewed heavily toward SB-Deals; 92.3% of all SB-Deals have at least one forborne loan compared with 38.8% of all K-Deals. We continue to see a higher concentration among SB-Deals since an outsized portion of renters in these properties have been economically affected by the pandemic. On average, the percentage of forborne loans within a securitized deal is 4.8% of the total pool by loan count and 4.6% by deal UPB. Exhibit 14 breaks out the top 15 of each of the K-Deals and SB-Deals by percent of forborne loans.

[13] VLI is defined as households making at or below 50% of the area median income.

Roughly half of all securitized, pooled deals have at least one loan that has been granted forbearance.

Exhibit 14: Percentage of Forbearance by Deal

K-Deal	Total Loan Count	Total UPB ($ Millions)	% Forbearance (by Count)	% Forbearance (by UPB)	SB-Deal	Total Loan Count	Total UPB ($ Millions)	% Forbearance (by Count)	% Forbearance (by UPB)
KS03	51	$855	62.7%	67.8%	SB9	93	$243	18.3%	28.6%
KX04FL	9	$132	11.1%	28.4%	SB68	193	$532	20.2%	27.6%
KF19	13	$201	15.4%	27.2%	SB6	36	$94	16.7%	27.1%
KF41	9	$259	22.2%	24.9%	SB18	26	$52	15.4%	22.5%
KLU1	16	$708	18.8%	22.7%	SB30	97	$224	15.5%	20.5%
KX01	7	$114	14.3%	16.8%	SB63	179	$495	14.0%	19.2%
KLU2	6	$288	16.7%	15.6%	SB60	216	$596	18.5%	19.1%
KX03	29	$415	17.2%	15.4%	SB33	82	$160	18.3%	18.4%
KS06	41	$553	14.6%	13.9%	SB28	104	$200	20.2%	18.0%
KF26	9	$189	11.1%	12.6%	SB52	191	$483	17.3%	17.1%
KX04FX	31	$410	16.1%	11.0%	SB11	23	$39	13.0%	16.3%
KF15	15	$242	6.7%	10.4%	SB61	213	$574	13.1%	16.2%
KJ07	13	$68	15.4%	9.3%	SB20	85	$195	11.8%	16.2%
KF56	20	$689	10.0%	9.0%	SB22	58	$147	15.5%	16.0%
K731	53	$1,196	5.7%	8.8%	SB26	61	$150	16.4%	15.9%

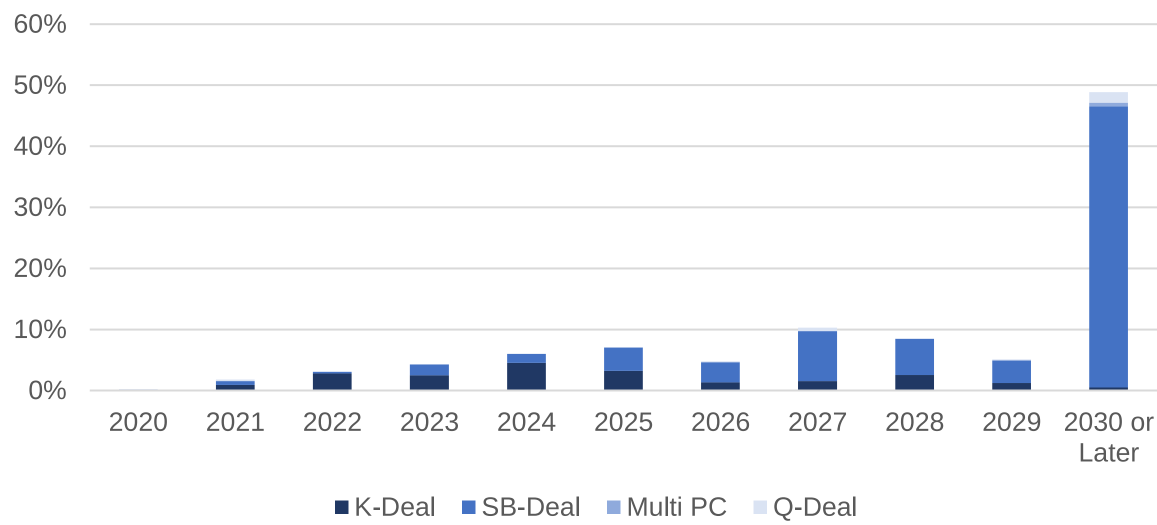
Source: Freddie Mac. Deals with fewer than five outstanding loans were excluded from the table above.

Maturity Analysis

Most forborne loans have longer maturity terms, as seen in Exhibit 15, which shows the percentage of forborne loans by maturity year. Of the total forborne population, a small percentage have maturity dates over the next few years. Only 2% have a maturity date before 2022. Another 7.3% have maturity dates between 2022 and 2023; for a total of 9.3% maturing before 2024. The remaining 90.7% of the forborne loans will not mature until 2024 or after. From 2024 to 2028, roughly 4.8% to 8.6% of forborne loans mature each year, except in 2027 when 10.3% of forborne loans are set to mature. We do not expect the forbearance pay-back requirements to impact balloon risk significantly.

We do not expect the forbearance repayment requirements to impact balloon risk significantly.

Exhibit 15: Percentage of Forbearance Loans by Maturity Year



Source: Freddie Mac

With uncertainty regarding the duration of the pandemic's impact on the economy and the lack of new stimulus package, we expect the forbearance population to remain elevated.

Summary

The total number of forborne loans decreased in October, down 10 loans from September. The labor market continues to recover but unemployment remains elevated. As renters remain out of work, this will cascade down to renter and landlord finances. Furthermore, with the end of July expiration of the enhanced unemployment benefits from the CARES Act and no nationwide legislative replacement, there could be further financial pressure on those who no longer qualify for state-level benefits. We anticipate the forbearance population will remain elevated as the jobless rate remains high and properties pay back their forborne payments.